

1 UNITED STATES PATENT AND TRADEMARK OFFICE

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3
4 BEFORE THE BOARD OF PATENT APPEALS
5 AND INTERFERENCES
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7
8 *Ex parte* GABRIEL N. ISSA
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11 Appeal 2007-2370
12 Application 09/373,141
13 Technology Center 3600
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16 Decided: August 30, 2007
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19 Before LINDA E. HORNER, ANTON W. FETTING, and JOSEPH A.
20 FISCHETTI, *Administrative Patent Judges*.
21 FETTING, *Administrative Patent Judge*.

22 DECISION ON APPEAL
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24
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26 STATEMENT OF CASE

27 GABRIEL N. ISSA (Appellant) seeks review under 35 U.S.C. § 134 of a final
28 rejection of claims 1-63, the only claims pending in the application on appeal.

29 We have jurisdiction over the appeal pursuant to 35 U.S.C. § 6(b) (2002).
30

31 We AFFIRM.
32

1 The Appellant invented a way for conducting an online auction of a monetary
2 amount for a specified category of items. This involves receiving at least one bid
3 having a discount rate for the specified category of items being auctioned from a
4 plurality of sellers registered to participate in the auction. It also includes receiving
5 a commitment to buy an undiscounted value amount within the specified category
6 of items at a minimum discount rate from at least one buyer registered to
7 participate in the auction. At least one successful seller of the value amount for the
8 specified category of items is then declared, based on a bid from the successful
9 seller or sellers having the greatest discount rate greater than or equal to the
10 minimum discount rate and best meeting the buyers' individual conditions.
11 (Specification 6:8-19).

12 An understanding of the invention can be derived from a reading of exemplary
13 claim 1, which is reproduced below [bracketed matter and some paragraphing
14 added].

15 1. A method for conducting an online auction of a monetary amount
16 for a specified category of items,

17 the method comprising:

18 [1] receiving at a computer site

19 [a] at least one bid

20 [i] having a discount rate

21 [ii] for the specified category of items being auctioned

22 [b] from a plurality of sellers registered to participate in the
23 auction;

24 [2] receiving at the computer site

25 [a] a commitment

26 [i] to buy an undiscounted monetary amount

27 [ii] of the item or within the specified category of items

1 [iii] at a minimum discount rate

2 [b] from at least one buyer registered to participate in the
3 auction; and

4 [3] declaring at least one successful seller of the monetary amount

5 [a] for the specified category of items based on the bid

6 [b] from the successful seller or sellers

7 [c] having the greatest discount rate greater than or equal to the
8 minimum discount rate and

9 [d] best meeting the buyer's individual conditions.

10
11 This appeal arises from the Examiner's Final Rejection, mailed August 19,
12 2005. The Appellant filed an Appeal Brief in support of the appeal on October 3,
13 2005. An Examiner's Answer to the Appeal Brief was mailed on October 31,
14 2005.

15 PRIOR ART

16 The Examiner relies upon the following prior art:

17 Shkedy US 6,260,024 B1 Jul. 10, 2001

18 eCommerce / Buying Service Counts On Strength in Numbers, The Washington
19 Post, Long Island, N.Y, Mar 22, 1999. pg. C.07

20 Appellant's admitted prior art (Specification 1:12 – 2:17).

21 REJECTIONS

22 Claims 1-62 stand rejected under 35 U.S.C. § 103(a) as unpatentable over
23 Shkedy and the Appellant's admitted prior art.

24 Claim 63 stands rejected under 35 U.S.C. § 103(a) as unpatentable over
25 Shkedy, eCommerce, and the Appellant's admitted prior art.

ISSUES

The issues pertinent to this appeal are

- Whether the Appellant has sustained its burden of showing that the Examiner erred in rejecting claims 1-62 under 35 U.S.C. § 103(a) as unpatentable over Shkedy and the Appellant's admitted prior art.
- Whether the Appellant has sustained its burden of showing that the Examiner erred in rejecting claim 63 under 35 U.S.C. § 103(a) as unpatentable over Shkedy, eCommerce, and the Appellant's admitted prior art.

The pertinent issues turn on whether Shkedy shows or suggests a bid for a category of items having a discount rate.

FACTS PERTINENT TO THE ISSUES

The following enumerated Findings of Fact (FF) are believed to be supported by a preponderance of the evidence.

Claim Construction

01. The disclosure provides no lexicographic definition for “discount” or “discount rate.”
02. The phrase “discount rate” has an idiomatic meaning of (1) the interest deducted in advance in purchasing, selling, or lending a commercial paper; or (2) the interest rate charged by a central bank on loans to its member banks.¹

¹ American Heritage Dictionary of the English Language (4th ed. 2000).

03. The usual and ordinary meaning of “discount” as a noun is (1) a reduction from the full or standard amount of a price or debt; (2) the interest deducted prior to purchasing, selling, or lending a commercial paper; the discount rate; or (3) the act or an instance of discounting a bill of exchange, note, or other commercial paper.¹

04. The disclosure provides no lexicographic definition for “negotiate”.

05. The usual and ordinary meaning of “negotiate” is (1) to arrange or settle by discussion and mutual agreement; (2) to transfer title to or ownership of; (3) to sell or discount; (4) to succeed in going over or coping with; or (5) to succeed in accomplishing.¹

06. Claim 1 recites three steps: [1]; [2]; and [3]. Step [3] cannot be performed until after steps [1] and [2] are completed, but the claim does not recite any other limitation regarding sequence of operation. Claim 1 also does not recite any limitation on the amount of time that transpires between these steps themselves, or between these steps and any other events.

07. Claim 1, step [2.ii.] recites that a single item may be the subject of the recited commitment.

Disclosure

08. The Appellant’s disclosure describes a process in which sellers perform bidding as opposed to buyers as a reverse auction (Specification 1:12-13).

Shkedy

- 1 09. Shkedy is directed towards an intermediary between buyers and at
2 least one seller. A buyer determines an item or service to be purchased,
3 and enters a conditional purchase order. The buyer receives a maximum
4 offer price from the intermediary which the buyer accepts or rejects. If
5 the buyer accepts the maximum offer price, the buyers' conditional
6 purchase order is combined into a pooled purchase order with other
7 buyers. The pooled purchase order is then made available to sellers to
8 bid on. Any sellers interested in the pooled purchase order will submit a
9 bid responsive to the conditional pooled purchase order, including the
10 maximum offer price. A seller will be selected whose bid is the best, e.g.
11 lowest price. Payment can be provided by the intermediary to the seller
12 having the lowest bid (Shkedy 3:39-57).
- 13 10. Shkedy's intermediary binds all buyers to the pool before the sale or
14 bidding occurs (Shkedy 3:6-8).
- 15 11. Shkedy's intermediary binds the seller who meets the terms of the
16 pooled purchase order to the seller's fulfillment of that order (Shkedy
17 3:9-11).
- 18 12. Shkedy allows for pooled purchase orders where multiple sellers may
19 jointly bid to fulfill the purchase order (Shkedy 3:29-31).
- 20 13. Thus, Shkedy's buyer selects the category of goods or service to be
21 purchased. Then the buyer selects the particular item or service in the
22 category with a quantity along with any other required buyer specified
23 conditions.
- 24 14. Shkedy's intermediary determines the initial maximum offer price that
25 the buyer accepts or rejects (Shkedy 5:43-51).

1 15. In one embodiment of Shkedy, buyers could indicate a minimum
2 discount off the maximum offer price provided by the central controller
3 that a buyer would be willing to accept. The seller would then be
4 notified of a maximum price he had to beat in order to bid (Shkedy 7:21-
5 25).

6 16. In another embodiment of Shkedy, the intermediary could pre-
7 negotiate a supply contract with a major supplier, prior to forming the
8 buyer pool. The pre-negotiated seller contract terms would be
9 automatically available to any individual who joins the pool. In this
10 embodiment, the intermediary pre-negotiates a contract with a seller
11 such as an office supply company in which the office supply company
12 would beat any published competitors price and provide an additional
13 5% discount to the collective buyer pool on condition that the
14 intermediary (i.e. collective buyer pool) exclusively purchase supplies
15 from them for a whole year (Shkedy 7:26-40).

16 17. Shkedy's seller database maintains data on sellers. It contains data
17 regarding the items the seller can deliver with fields such as item ID,
18 current price, restrictions on sale and discount schedule for large
19 quantities (Shkedy 10:11-20).

20 *eCommerce*

21 18. eCommerce describes an online buying service that pre-negotiates
22 volume discounts (eCommerce 1:First ¶).

23 19. eCommerce describes the economic model of the online buying
24 service as similar to that of eBay (eCommerce 2:Third ¶).

PRINCIPLES OF LAW

Claim Construction

During examination of a patent application, pending claims are given their broadest reasonable construction consistent with the specification. *In re Prater*, 415 F.2d 1393, 1404-05 (CCPA 1969); *In re Am. Acad. of Sci. Tech Ctr.*, 367 F.3d 1359, 1364 (Fed. Cir. 2004).

Limitations appearing in the specification but not recited in the claim are not read into the claim. *E-Pass Techs., Inc. v. 3Com Corp.*, 343 F.3d 1364, 1369 (Fed. Cir. 2003) (claims must be interpreted “in view of the specification” without importing limitations from the specification into the claims unnecessarily)

Although a patent applicant is entitled to be his or her own lexicographer of patent claim terms, in *ex parte* prosecution it must be within limits. *In re Corr*, 347 F.2d 578, 580 (CCPA 1965). The applicant must do so by placing such definitions in the Specification with sufficient clarity to provide a person of ordinary skill in the art with clear and precise notice of the meaning that is to be construed. *See also In re Paulsen*, 30 F.3d 1475, 1480 (Fed. Cir. 1994) (although an inventor is free to define the specific terms used to describe the invention, this must be done with reasonable clarity, deliberateness, and precision; where an inventor chooses to give terms uncommon meanings, the inventor must set out any uncommon definition in some manner within the patent disclosure so as to give one of ordinary skill in the art notice of the change).

Obviousness

A claimed invention is unpatentable if the differences between it and the prior art are “such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art.” 35

1 U.S.C. § 103(a) (2000); *KSR Int'l v. Teleflex Inc.*, 127 S.Ct. 1727, 1734 (2007);
2 *Graham v. John Deere Co.*, 383 U.S. 1, 13-14 (1966).

3 In *Graham*, the Court held that that the obviousness analysis is bottomed on
4 several basic factual inquiries: “[(1)] the scope and content of the prior art are to be
5 determined; [(2)] differences between the prior art and the claims at issue are to be
6 ascertained; and [(3)] the level of ordinary skill in the pertinent art resolved.” 383
7 U.S. at 17. *See also KSR*, 127 S.Ct. at 1734. “The combination of familiar
8 elements according to known methods is likely to be obvious when it does no more
9 than yield predictable results.” *KSR*, at 1739.

10 “When a work is available in one field of endeavor, design incentives and
11 other market forces can prompt variations of it, either in the same field or in a
12 different one. If a person of ordinary skill in the art can implement a predictable
13 variation, § 103 likely bars its patentability.” *Id.* at 1740.

14 “For the same reason, if a technique has been used to improve one device,
15 and a person of ordinary skill in the art would recognize that it would improve
16 similar devices in the same way, using the technique is obvious unless its actual
17 application is beyond his or her skill.” *Id.*

18 “Under the correct analysis, any need or problem known in the field of
19 endeavor at the time of invention and addressed by the patent can provide a reason
20 for combining the elements in the manner claimed.” *Id.* at 1742.

21 ANALYSIS

22 *Claims 1-62 rejected under 35 U.S.C. § 103(a) as unpatentable over Shkedy and*
23 *the Appellant's admitted prior art.*

24 The Appellant argue these claims as a group.

1 Accordingly, we select claim 1 as representative of the group.
2 37 C.F.R. § 41.37(c)(1)(vii) (2006).

3 Before analyzing the rejection, we must construe the claim limitation of a
4 discount rate. The disclosure provides no lexicographic definition of this claim
5 limitation (FF 01). The phrase “discount rate” has an idiomatic meaning with
6 respect to commercial paper or bank loans (FF 02), neither of which is pertinent to
7 the claimed subject matter. Therefore we construe the phrase as a rate for a
8 discount.

9 The usual and ordinary meaning of a discount is a reduction from the full or
10 standard amount of a price (FF 03). Thus we construe a discount rate to be a rate
11 or measure of a reduction from the full or standard amount of a price.

12 The Examiner found that Shkedy described all of the limitations of claim 1,
13 except for referring to a transaction as an auction. To overcome this deficiency,
14 the Examiner found that the Appellant’s admitted prior art describes transactions
15 such as those in Shkedy as an auction. The Examiner concluded that it would have
16 been obvious to one of ordinary skill to have referred to Shkedy’s transactions as
17 auctions (Answer 3:Bottom ¶ - 7:Last full ¶).

18 The Appellant contends that Shkedy utilizes prices directed to forward
19 purchase orders, whereas Appellant's invention utilizes undiscounted monetary
20 amounts at minimum discount rates directed to categories of items. The Appellant
21 also argues that the Examiner ignored the benefits of these differences (Br.
22 8:Second to bottom ¶).

23 While the Appellant is correct in stating that Shkedy is directed to forward
24 purchase orders (FF 09), the Appellant fails to recognize that its arguments are not

1 commensurate with the scope of claim 1. Claim 1 [2.a.] recites a commitment to
2 buy an undiscounted monetary amount of an item at a minimum discount rate.

3 Shkedy's buyer commits (FF 10) to a quantity of an item (FF 13) that has an
4 undiscounted price listed in the seller's schedule (FF 17). Thus, Shkedy's buyer
5 has a commitment to buy a quantity of items having an undiscounted price. This is
6 a commitment to buy an undiscounted amount, *viz.* the product of quantity times
7 undiscounted price, of that item. Shkedy's buyer has a discount set by the
8 intermediary (FF 09), which the buyer may modify by indicating the buyer's own
9 minimum discount (FF 15).

10 Since Shkedy describes this claim limitation, there are no differences, and
11 therefore no benefits of differences, for the Examiner to consider.

12 The Appellant further argues that the contended differences enable the
13 separation of the transaction from the process of selecting the exact variations or
14 options of the item purchased, and provides examples from the Specification.
15 From this, the Appellant further contends that Shkedy teaches away from the
16 claimed invention (Br. 13:Second ¶).

17 We find that claim 1 recites no separation of the transaction from the process of
18 selecting the exact variations or options of the item purchased (FF 04). Whether
19 the Specification provides examples is moot. We do not import limitations from
20 the specification into the claims. *See E-Pass Techs.*, 343 F.3d at 1369. Since there
21 is no such claimed separation, whether Shkedy teaches away from such a
22 separation is moot.

23 The Appellant further contends that the invention's use of an undiscounted
24 monetary amount as opposed to exact price, and the invention's use of a category

1 of, as opposed to specific products or services provides advantages which the
2 Appellant enumerates (Br. 13:Bottom ¶).

3 We find that Shkedy describes undiscounted monetary amounts in the form of
4 item prices (FF 17) and describes selections of categories of items (FF 13). We
5 also find that claim 1 recites selection of a specific item as an alternative to a
6 category of items (FF 07). Thus any contended differences are moot.

7 The Appellant further argues that the separation of the buying transaction from
8 the selection and redemption processes offers further advantages that the Appellant
9 enumerates (Br. 14:First full ¶).

10 As we found, *supra*, claim 1 recites no separation of the transaction from the
11 selection process. Similarly, claim 1 recites no separation of the transaction from
12 the redemption process (FF 04). Any advantages from such a separation are
13 therefore moot.

14 The Appellant then contends that Shkedy's seller bids a price, not a discount
15 rate as claimed, and further contends that this difference causes Shkedy to teach
16 away from the claimed invention (Br. 15:Top ¶).

17 We find that Shkedy's seller bid may include a discount rate (FF 16 & 17).
18 Claim 1 [1.a.i.] recites that the seller's bid has a discount rate, not that the bid is
19 specifically restricted to a discount rate. Thus, Shkedy does not teach away from a
20 bid having a discount rate.

21 The Appellant then contends, in response to the Examiner's finding that it is
22 inherent that the lowest price has the greatest discount rate, that the mathematical
23 complexity of obtaining an effective discount rate does not bear on the issue of

1 obviousness. The Appellant further contends that Shkedy has no use for discount
2 data (Br. 15:Bottom ¶).

3 We find that Shkedy explicitly describes the sellers providing discount rates
4 (FF 16 & 17). We find that whether computing discount rates are mathematically
5 complex is therefore moot.

6 The Appellant then contends, in response to the Examiner's finding one of
7 ordinary skill would have known that Shkedy's title could as readily have been
8 "REVERSE AUCTION," based on the Appellant's admitted prior art, that the title
9 of a reference does not form the basis of an obviousness rejection.

10 We find that (1) the Appellant's disclosure admits that Shkedy's transaction
11 could be characterized as a reverse auction (FF 08), and (2) the Examiner's only
12 purpose in relying on Appellant's Admitted Prior Art was to show that Shkedy
13 described an auction, which Shkedy does by virtue of its matching of bids and
14 offers by buyers and sellers. The issue of whether a title of a reference may form
15 the basis of an obviousness rejection is therefore moot.

16 The Appellant contends that claims 32-62 are separately patentable (Br.
17 16:Bottom ¶), but does not provide any arguments supporting their patentability
18 separate from those made in support of claim 1. As such, we find that Shkedy
19 discloses all of the elements of independent claim 32 for the same reasons provided
20 *supra* for claim 1.

21 The Appellant has not sustained its burden of showing that the Examiner erred
22 in rejecting claims 1-62 under 35 U.S.C. § 103(a) as unpatentable over Shkedy and
23 the Appellant's admitted prior art.

1 *Claim 63 rejected under 35 U.S.C. § 103(a) as unpatentable over Shkedy,*
2 *eCommerce, and the Appellant's admitted prior art.*

3 Claim 63 is as follows:

4 A computer-implemented auction system for *negotiating* discount
5 credits between sellers offering at least one pre-defined category of
6 goods or service items and buyers wishing to purchase goods or
7 service items selected from said category,

8 comprising:

9 an auction system having an auction engine that presents a first
10 interface for access by buyers in communicating willingness to
11 purchase items selected from a pre-defined category at a *negotiated*
12 category discount and a second interface for access by sellers in
13 communicating willingness to offer items selected from the pre-
14 defined category;

15 the first interface including a commitment amount field through which
16 each buyer communicates the amount that buyer will commit to spend
17 and a requested discount field through which each buyer
18 communicates the smallest discount that buyer will accept;

19 a data storage associated with the auction engine for storing the
20 identity of buyers who have communicated willingness to purchase
21 items from the pre-defined category, and for storing bid data
22 indicative of the commitment amount and requested discount
23 communicated by each buyer;

24 the auction system further having a compilation system that analyzes
25 the bid data to present information to sellers through the second
26 interface indicative of the aggregate commitment amounts associated
27 with different requested discounts;

28 the second interface having a discount offer field through which each
29 seller communicates the discount that seller is willing to offer;

30 a commitment system having a mechanism for terminating
31 *negotiation* in response to a pre-defined criterion and for identifying a
32 selected seller that has offered the greatest discount during the
33 *negotiation*;

1 the commitment system communicating with the auction system to
2 generate a discount record for at least a portion of the buyers
3 identified in the data storage, each discount record including the
4 identity of the buyer and seller, the pre-defined category on which the
5 buyer *negotiated* and data indicative of the commitment amount and
6 the discount offered by the selected seller. (Emphasis added.)
7

8 The Examiner found that claim 63 recited limitations similar to those in claims
9 1-62, which are described by the combination of Shkedy and the admitted prior art
10 as applied to claims 1-62, and also recited the limitation of discount negotiation
11 with multiple sellers, which the Examiner found described by eCommerce. The
12 Examiner concluded that one of ordinary skill would have negotiated discount
13 rates, as in eCommerce, in Shkedy as well to improve the achieved discount
14 (Answer 23-25).

15 The Appellant contends that it does not claim "pre-negotiation" with multiple
16 sellers in the sense suggested by Examiner (Br. 17:Second to bottom ¶). Instead
17 the negotiated discount is the result of active bidding (Br. 18:Top ¶). The
18 Appellant further contends that eCommerce does not describe soliciting bids from
19 multiple sellers (Br. 18:Second ¶).

20 The Examiner responds that the company described in eCommerce could not
21 realistically operate without negotiating with multiple sellers (Answer 29:Last
22 full ¶).

23 We find that settling upon a discount by active bidding by which the system
24 finds the seller offering the greatest discount is described by Shkedy as we found,
25 *supra*. Thus, the issue is whether the combination of Shkedy and eCommerce
26 suggests performing a negotiation with multiple sellers to achieve this. The
27 Specification provides no special meaning of "negotiate," but the usual meaning is

1 to arrange or settle by discussion and mutual agreement. As the Examiner found,
2 eCommerce explicitly describes negotiating for discounts (FF 18), and the business
3 model described as similar to eBay (FF 19) implies that negotiation would be with
4 multiple sellers to achieve a better price than negotiating with a single seller.
5 Further, Shkedy describes discounts from multiple sellers (FF 12, 15, and 16).

6 The Appellant further contends that eCommerce does not describe analyzing
7 the bids to present information to sellers indicating aggregate amounts
8 (Br. 18:Bottom ¶).

9 The Examiner responds that such analysis is implied for there would be no
10 other way for sellers to develop a discount rate. We agree with the Examiner and
11 we also find that such analysis is implicit in Shkedy's presentation of its purchase
12 order indicating aggregate amounts of the purchase order to sellers (FF 09).

13 The Appellant has not sustained its burden of showing that the Examiner erred
14 in rejecting claim 63 under 35 U.S.C. § 103(a) as unpatentable over Shkedy,
15 eCommerce, and the Appellant's admitted prior art.

16 CONCLUSIONS OF LAW

17 The Appellant has not sustained its burden of showing that the Examiner erred
18 in rejecting claims 1-63 under 35 U.S.C. § 103(a) as unpatentable over the prior
19 art.

20 On this record, the Appellant is not entitled to a patent containing claims 1-63.

21 DECISION

22 To summarize, our decision is as follows:

- 1 • The rejection of claims 1-62 under 35 U.S.C. § 103(a) as unpatentable over
2 Shkedy and the Appellant's admitted prior art is sustained.
- 3 • The rejection of claim 63 under 35 U.S.C. § 103(a) as unpatentable over
4 Shkedy, eCommerce, and the Appellant's admitted prior art is sustained.

5 No time period for taking any subsequent action in connection with this appeal
6 may be extended under 37 C.F.R. § 1.136(a)(1)(iv).

7
8 **AFFIRMED**
9
10

11 **JRG**

12
13 **BROOKS KUSHMAN P.C.**
14 **1000 TOWN CENTER**
15 **TWENTY-SECOND FLOOR**
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